

Message Text

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ACTION IO-10

INFO OCT-01 ISO-00 OES-03 ACDA-05 OMB-01 TRSE-00 AF-06

ARA-06 EA-06 EUR-12 NEA-09 PA-01 PRS-01 USIA-06 L-02

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FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 5766

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C O N F I D E N T I A L IAEA VIENNA 3591

EO 11652: GDS

TAGS: TGEN, IAEA, AORG, AS

SUBJ: AUSTRALIAN PROPOSAL RE SPECIAL FUND FOR

TECHNICAL ASSISTANCE

REF: (A) STATE 94304; (B) IAEA VIENNA 3197 (C) IAEA

VIENNA 2992

1. AUSTRALIAN NOTE DISCUSSES THREE POSSIBLE MEANS OF PROVIDING PREFERENTIAL TECHNICAL ASSISTANCE TO NPT PARTIES: (A) CREATION OF SPECIAL TA FUND FOR NPT PARTIES; (B) EARMARKING ALL OR PART OF CONTRIBUTION TO GENERAL FUND FOR NPT PARTIES ONLY; (C) AGREEMENT THAT TA PROVIDED ON BILATERAL BASIS, WITH CERTAIN EXCEPTIONS, SHOULD BE DIRECTED TO NPT PARTIES ONLY.

2. ALTERNATIVE (C) INVOLVES U.S. POLICY CONSIDERATIONS WHICH MISSION BELIEVES CAN BEST BE ADDRESSED IN WASHINGTON. ALTERNATIVE (B) WOULD SEEM TO BE ESSENTIALLY THE SAME IDEA WHICH SOVIETS HAVE CHAMPIONED REPEATEDLY BOTH IN MEETINGS OF THE BOARD AND IN PRIVATE DISCUSSIONS AND HAVE ON EACH OCCASION BEEN REMINDED BY US OR BY OTHERS THAT ATTACHMENT OF "POLITICAL, ECONOMIC, MILITARY OR

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OTHER CONDITIONS" TO CONTRIBUTIONS TO GENERAL FUND

WOULD BE IN VIOLATION OF ARTICLE II C. OF IAEA STATUTE.
IN PRACTICE, THIS ARTICLE HAS BEEN INTERPRETED GENERALLY
TO APPLY TO CASH RPT CASH CONTRIBUTIONS. CONTRIBUTION
IN-KIND HAVE NOT BEEN HELD SUBJECT TO THIS CONDITION
(ALTHOUGH IT COULD BE ARGUED THAT PRINCIPLE IS THE SAME
SINCE CONTRIBUTION IN-KIND ARE ALSO DONATED THROUGH THE
AGENCY AND ARE INCLUDED IN SCHEDULE G OF THE AGENCY'S
ACCOUNTS). SPECIFICALLY, U.S. POLICY OF GIVING PREFERENCE
TO NPT PARTIES IN ALLOCATION OF CONTRIBUTIONS IN-KING,
ANNOUNCED AT SEPTEMBER GC AND REITERATED AT FEBRUARY
BOARD HAS NEVER BEEN CHALLENGED ON LEGAL GROUNDS. IN
OTHER WORDS, IF GOA HAS IN MIND EARMARKING A PORTION OF
ITS VOLUNTARY CONTRIBUTION TO THE GENERAL FUND WE WOULD
AGREE WITH DEPARTMENT THAT PROPOSAL IS A NON-STARTER
THAT WOULD SUCCEED ONLY IN STRIKING UP BITTER
AND NON-PRODUCTIVE DEBATE. HOWEVER, WE CAN SEE NO
PROBLEM ARISING SHOULD GOA WISH TO ANNOUNCE PREFERENCE
FOR NPT PARTIES IN ALLOCATION OF ITS OWN CONTRIBUTIONS
IN-KIND (IN 1974, AUSTRALIA PROVIDED CONTRIBUTIONS
IN-KIND TO VALUE OF \$19,322 IN FORM OF TYPE II FELLOW-
SHIPS, COST-FREE EXPERTS, FILMS, ETC; VOLUNTARY CONTRIBUTION
TO GENERAL FUND WAS \$48,300).

3. WITH REGARD TO ALTERNATIVE (A), WE ARE NOT
ENTIRELY CLEAR WHAT MODALITIES GOA HAS IN MIND WHEN IT
SPEAKS OF "SPECIAL TECHNICAL ASSISTANCE FUND FOR NPT
PARTIES ONLY (I.E. IN ADDITION TO THE EXISTING VOLUNTARY
TECHNICAL ASSISTANCE FUND)." AS MISSION REPORTED IN
REF B, IT IS EXTREMELY IMPORTANT TO DISTINGUISH BETWEEN
FUNDS CONTRIBUTED TO THE AGENCY FOR TA (WHICH NOW CON-
STITUTES THE GENERAL FUND) AND FUNDS FOR WHICH THE AGENCY
IS EXECUTING AUTHORITY WHICH IS NOW THE CASE WITH FRG
AND SIDA PROGRAMS. IF GOA IS PROPOSING CREATION OF A
SPECIAL FUND WITHIN THE AGENCY FOR NPT PARTIES ONLY,
MISSION WOULD SHARE DEPARTMENT'S MISGIVINGS. ON OTHER HAND,
AS NOTED REF (B), IT SHOULD BE POSSIBLE AVOID STATUTORY, LEGAL OR
IMMEDIATE POLITICAL PROBLEMS IN CREATION OF
SPECIAL FUND OUTSIDE RPT OUTSIDE AGENCY WHICH AGENCY WOULD MERELY
BE ASKED BY PARTICIPANTS TO EXECUTE RE IDENTIFIED TA PROJECTS OR
PROGRAMS.

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4. MISSION DOES BELIEVE THAT THIS IDEA WOULD HAVE
TO BE APPROACHED WITH GREAT CARE. IT WOULD BE NECESSARY
FULLY TO ENSURE PROTECTION AGAINST ANY POSSIBILITY THAT
AGENCY ITSELF COULD BE CHARGED WITH DISCRIMINATION. MORE
FAR-REACHING CONSEQUENCES WOULD ALSO HAVE TO BE ADDRESSED.
AMONG THEM IS THE POSSIBILITY THAT ESTABLISHMENT OF
SPECIAL FUND FOR BENEFIT NPT PARTIES WOULD SIGNIFICANTLY DIMINISH

FUNDS AND IN-KIND CONTRIBUTIONS DONATED TO GENERAL FUND OF THE AGENCY. IN TODAY'S POLITICAL CLIMATE, THIS IS A VERY REAL POSSIBILITY, PARTICULARLY, IN VIEW OF WHAT MISSION HAS BEEN READING ABOUT CONGRESSIONAL CONCERNS, WITH RESPECT TO U.S. CONTRIBUTION. DONOR GOVERNMENTS WOULD HAVE TO ASSESS THE IMPACT ON NON-PROLIFERATION AIMS OF THE CONSEQUENT POSSIBILITY OF A NUMBER OF NON-NPT PARTIES, WHOSE SOLE INTEREST IN IAEA IN RECEIPT OF TA, WALKING OUT OF THE AGENCY AND PERHAPS RENOUNCING THEIR SAFEGUARDS AGREEMENTS. MISSION DOES NOT STATE THIS AS INEVITABLE CONSEQUENCE, BUT THE POSSIBILITY CLEARLY SHOULD BE WEIGHED AGAINST POSSIBLE BENEFITS TO NPT REGIME WHICH MIGHT BE GAINED.

5. IN THE SHORT TERM, SUCH A PROPOSAL MIGHT BE TO OUR ADVANTAGE TACTICALLY IN THAT ANNOUNCEMENT OF CREATION OF SUCH A SPECIAL FUND AT MAY REVIEW CONFERENCE COULD SPLIT UNANIMITY OF LDC BOARD MEMBERS IN JUNE ON QUESTION OF TARGET FOR VOLUNTARY CONTRIBUTIONS. WE ARE NOT SURE, HOWEVER, HOW THIS SHORT TERM ADVANTAGE SHOW UP AGAINST POSSIBLE LONG-RANGE CONSEQUENCES.

6. FYI. WITH REGARD TO FIRST PARAGRAPH GAO NOTE, REF C, PARA 9 REPORTS CONSENSUS OF GENEVA GROUP MEETING WAS NOT RPT NOT TO RESIST INCREASES IN TARGET FOR VOLUNTARY CONTRIBUTIONS BUT TO ARGUE THAT ADVANCED STATES NOT IN POSITION TO DECIDE ON TARGET AT A AND B COMMITTEE, AND THAT SUBJECT WOULD BE DECIDED AT JUNE BOARD. HOWEVER, AUSTRALIAN DEMARCHE PROBABLY RESULTED FROM GOA CONCERN THAT STRONGLY NEGATIVE VIEWS OF FRG AND ITALIAN REPS ON INCREASE IN TARGET WOULD RESULT IN COLD GRUEL IN JUNE FOR LDC'S, BOTH NPT PARTIES, AND NON-PARTIES AND FROM GENUINE DESIRE ON PART OF GOA TO ENCOURAGE

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UNIVERSALITY OF NPT. END FYI.LABOWITZ

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